

## Michaud Pushes Administration to Take Stronger Action to Limit Executive Compensation

Wednesday, October 21 2009

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&ldquo;Despite the appointment of a &lsquo;pay czar,&rsquo; companies that received bailout funds have gone back to business as usual. Obscene bonuses are being awarded to bailed out companies while Main Street continues to suffer,&rdquo; said Michaud. &ldquo;Among the reasons I voted against the bailout last year was the lack of adequate limits on executive pay. These outrageous pay packages and golden parachute retirements have to stop. Real transparency and accountability must be put in place. If the administration doesn&rsquo;t act, the American public will have little confidence in our economic system and our recovery efforts will be hampered as a result.&rdquo;

\* Text of the letter follows:

October 21, 2009

The Honorable Eric Holder  
Attorney General  
Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, DC 20530

The Honorable Timothy F. Geithner  
Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Attorney General Holder and Secretary Geithner:

Thank you for your service to the United States in your respective roles. As you know, President Obama was elected in 2008 amidst a major financial crisis that was caused partly by unfair executive compensation on Wall Street. However, since his election little has been done to change the way Wall Street executives are paid. We as members of the Populist Caucus strongly believe that the Obama Administration needs to take stronger action on enforcement and oversight of

## Executive Compensation laws.

During this Congress strong legislation has been passed to limit executive compensation for companies that receive financial assistance from the federal government. The American Recovery and Reinvestment Act contained provisions setting forth restrictions on the compensation of executives of companies which are currently receiving financial assistance within the Troubled Assets Relief Program (TARP).

In June, the Obama Administration appointed Kenneth Feinberg as “Special Master for Compensation” to set salaries and bonuses for senior executives that received massive federal bailouts. Mr. Feinberg is to monitor and enforce rules governing pay packages, yet AIG, a firm that has received about \$120 billion in government bailout money, has promised some \$198 million in bonuses to its employees next March.

Companies like AIG, who in large part caused the current financial crisis, are now returning to business as usual while Main Street continues to suffer. Government officials have said they had little authority to rescind pre-existing contracts and many at AIG fall into this category, but Mr. Feinberg should look at what he can control, like shrinking the pay of other AIG executives, such as CEO Robert Benmosche, if the firm does not claw back part of the bonuses for trading unit workers. It is clear that despite efforts to limit obscene executive compensation, not enough is being done using existing authority.

While we appreciate efforts by Kenneth Feinberg such as persuading outgoing Bank of America CEO Kenneth Lewis to give back \$1 million he received so far this year and forego the rest of his \$1.5 million salary for 2009, this is just a drop in the bucket to the rest of the compensation Lewis will get. The Bank of America has received \$45 billion in government aid. Yet, while many Americans that paid for the bailout are still awaiting an economic recovery, Lewis is expected to walk away with \$70 million in retirement money.

The Populist Caucus was founded upon the principle of expanding and strengthening the middle class. Actions by AIG, Bank of America, and other companies do nothing to strengthen the middle class and simply put more money into the hands of the wealthy while increasing the country’s already high unemployment rate. Public confidence in our economic system can only be restored with real transparency and accountability — and the Administration must take action now, not only to end the outrageous practice of awarding excessive bonuses to executives, but also to require greater transparency as a non-negotiable condition of receiving taxpayer funded bailout money.

We urge the Administration to put forth a strong plan that will limit irresponsible bonuses to the very people that put us in this financial crisis. We also urge you to investigate instances of excessive compensation for Wall Street executives. It is essential that pay practices that motivate executives to take excessive risks be eliminated. Thank you and please feel free to contact any of us if we can provide further assistance.

Sincerely,

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